

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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SECURITY INFORMATION

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1. The situation in regard to the fuel supply for the East German civilian population has eased somewhat lately, because the requirements of the East German industry for brown coal briquettes have been met, and, in addition, the supply of sifted, lump raw coal has materially increased. The Bezirke Gera, Potsdam, and Karl-Marx-Stadt are willing to do without a part of their allocations of sifted raw coal for the first quarter of 1954.
2. There are, however, serious difficulties in regard to supplying the smelting and chemical industries with coke, and supplying the cokeries and gas works with hard coal (Steinkohle). All attempts to get definite promises from the Ministry of Foreign and Interzonal Trade for the importation of coal and coke have failed.
3. As of 30 December 1953, it was not ascertainable what types and amounts of coke for the smelting and chemical industries, and what type and amounts of hard coal for the cokeries, especially those in Zwickau, Berlin, Leipzig, and Magdeburg, would be supplied in January 1954. The production of metallurgical coke at East German plants in January 1954 seemed completely out of the question, because it was not known when the hard coal with the proper caking properties would be delivered.
4. It is feared that serious damage to the general economy would result from the importation of hard coal and coke of poor quality. This would bring about a situation similar to the one which existed at the Grossgaserei, Magdeburg on 29 December 1953, when three to four brigades were required to work special shifts, to clear eleven furnaces which were stopped up as a result of the use of poor quality coal. Grossgaserei Magdeburg has only a five-day supply of coal on hand.
5. A survey on 11 December 1953 of the situation in regard to imports of hard coal and coke for 1954 revealed the following.

a. Hard Coal

Imports in the amount of 1,760,000 metric tons are planned. Of this amount, 950,000 metric tons are promised from Poland and 540,000 are promised from the USSR, leaving 270,000 metric tons as yet not contracted.

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b. Hard Saking coal (Backfaehige Kohle) (for the production of metallurgical coke in domestic plants)

The importation of at least 250,000 metric tons is required for 1954. The possible sources are the USSR, Czechoslovakia, West Germany, and capitalist countries. Negotiations have been entered into with West Germany for the import of 37,000 metric tons, but no contracts have been concluded. The plan calls for production of 87,000 metric tons of metallurgical coke in the first quarter of 1954, using this hard coal.

c. Anthracite

The plan calls for the importation of 45,000 metric tons in the first quarter of 1954. Of this, 30,000 metric tons have been promised from the USSR, leaving an unfilled balance of 15,000 metric tons.

d. Coke

The plan calls for the importation of 638,000 metric tons of coke in the first quarter of 1954. Of this, 62,500 metric tons have been promised from the USSR, 237,500 metric tons have been promised from Poland, and 186,000 metric tons from Czechoslovakia. Negotiations are in progress with West Germany for the importation of 37,500 metric tons, but no contract has been concluded as yet. At best, imports will amount to 523,500 metric tons, leaving a shortage of 114,500 metric tons.

6. The following list shows the stocks of coke on hand at the most important coke consuming plants, according to the latest inventory:

a. <u>Plant</u>	<u>Date of Inventory</u>	<u>Stocks on Hand</u> <u>(in metric tons)</u>	<u>Average Daily</u> <u>Consumption</u> <u>(in metric tons)</u>	<u>Number of</u> <u>Days' Supply</u>
EKS	20 December 1953	16,713	2,200	7.6
Mansfeld	20 December 1953	5,407	1,050	5.1
Maxhuette	20 December 1953	10,790	1,000	10.8
Buna-Werke	18 December 1953	10,500	1,200	8.7
Leuna-Werke	17 December 1953	12,300	1,400	8.8

b. The State Commission for Material Supply has drawn up a plan for the minimal distribution for January, which permits no increase in stocks on hand. Such short-term distribution schemes practically endanger the contract system for this type of material.

7. Brown coal low-temperature coke

It is planned to import 25,000 metric tons. The possible source is Czechoslovakia, but no negotiations have been begun as yet. The supplying of the population with lignite coke (Grudekoks), especially in the Magdeburg area, is dependent on the import of brown coal low-temperature coke. The nonfulfillment of the import plan for 270,000 metric tons of hard coal in the first quarter of 1954 will have direct effects on the supply for the Reichsbahn, which must then have 400,000 metric tons of briquettes in place of the hard coal. These briquettes will have to be taken away from other consumers, because only insignificant reserves are provided for in the plan. The civilian supply would be affected, for the most part, by this.

8. According to the Deutsche Handelszentrale-Kohle (East German Trade Center - Coal), the hard coal situation will become more acute, since in the course of negotiations between DIA-Bergbau and Weglokoks (Poland), it was revealed that Poland considered 1954 deliveries of coke to East Germany as out of the question.

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9. According to DIA-Bergbau, East Germany will make the following imports of coke in January 1954: 79,000 metric tons from Poland, 30,000 metric tons from the USSR, 62,000 metric tons from Czechoslovakia, and 13,000 metric tons from West Germany. The necessary supply for the maintenance of production in the smelting industries and in the chemical industries is not assured. Without increasing the stocks, an additional 19,000 metric tons are required.

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1. [REDACTED] Comment: Deutscher Innen- und Aussenhandel - Bergbau (German Foreign and Interzonal Trade- Mining).

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